

Health Coverage Tax Credit (HCTC)

The Insurance Commissioner is pleased to announce that health insurance is now available in West Virginia for HCTC eligible individuals. The insurance qualifies for the 65% tax credit pursuant to the HCTC Program. The qualified health insurance is available through Mountain State Blue Cross Blue Shield. In the future, additional plans may become available in West Virginia. You should periodically check this website for updates on qualified health plans, or contact our Consumer Services Division at 304-558-3386 or toll free at 1-800-642-9004.

The HCTC call center may be contacted toll free for additional information at 1 866-628-HCTC (TDD/TTY: 1-866-626-4282). You may also visit the HCTC website at www.irs.gov.

General Information about the HCTC Program

• The Trade Act of 2002 ("the Act") was signed into law by President Bush on August 6, 2002. This law gives the President authority to liberalize trade with other countries. It also protects U.S. workers who are displaced by trade by expanding the system of Trade Adjustment Assistance.

• The Act creates a new tax credit for the purchase of private health insurance for certain individuals who have lost their health coverage due to trade displacement. To be eligible, an individual must be receiving or be eligible to receive a Trade Readjustment Allowance (TRA), or be receiving benefits under alternative Trade Adjustment Assistance (TAA).

• In addition, certain individuals who are receiving a benefit payment from the Pension Benefit Guaranty Corporation (PBGC) who are 55 years or older and who are not eligible for Medicare may also be eligible for the HCTC Tax Credit.

• There are three kinds of health insurance options that automatically qualify for the HCTC Tax Credit without any action on the part of the Insurance Commissioner and the State. These options are:

1. COBRA (Consolidated Omnibus Budget and Reconciliation Act of 1986) continuation coverage, unless the employer or former employer pays at least 50% of the cost of the coverage
2. Coverage through the individual's spouse if the employer pays less than 50% of the cost of the coverage
3. Individual coverage in which the individual was enrolled at least 30 days before being separated from the job that made him or her eligible for benefits under the Trade Adjustment Act or payments from the PBGC

• The fourth option currently available in West Virginia for qualified health insurance is the recently approved arrangement with Mountain State Blue Cross Blue Shield.

The qualifying health coverage offered by Mountain State Blue Cross Blue Shield is required to meet four criteria pursuant to the Trade Adjustment Act. Those criteria are:

1. Guaranteed issue - qualifying individuals are guaranteed enrollment regardless of their medical status and must be permitted to remain enrolled so long as the premium is paid.
2. No pre-existing condition exclusion - no pre-existing condition exclusion may be imposed on qualifying individuals
3. Non-discriminatory premium - premium charged for a qualifying individual may not be more than the premium for a similarly situated person who is not receiving the credit.
4. Similar benefits - benefits are the same or substantially the same under coverage provided to similarly situated individuals who are not receiving the credit.

- Eligible individuals may receive advance payment of the credit.

- The HCTC Tax Credit is equal to 65% of the premium paid by eligible individuals.

- The remaining 35% of the premium must be paid by the eligible individual.

- The eligible individual is required to submit 35% of the premium amount to the United States Treasury, which then adds the 65% tax credit portion and submits full payment directly to the qualified health insurance provider.